

New Microfinance initiative: a valuable tool to stimulate entrepreneurship and create jobs

EUROCHAMBRES warmly welcomes the 'Progress Microfinance Facility' presented by the European Commission today as a sound initiative to encourage and support entrepreneurship.

Thanks to this new EUR 100 million fund, people who have lost or are at risk of losing their job and want to start their own micro-enterprise will be able to obtain loans up to EUR 25,000, and be assisted with mentoring, training, coaching and capacity building.

"Give a man a fish, you have fed him for today. Teach a man to fish, and you have fed him for a lifetime. This is the ethos that will lead Europe out of recession," said Arnaldo Abruzzini, Secretary General of EUROCHAMBRES. *"It is encouraging to see that with this facility entrepreneurship is promoted as a viable and rewarding alternative to a conventional employment contract. This scheme is not just about finding one new job for one unemployed person. Helping someone set up a new business can have a significant multiplier effect by generating additional jobs."*

EUROCHAMBRES is also pleased that this measure is proposed on the basis of funds already available in the framework of the current EU Budget. It is extremely important that the EU's resources are used effectively to help businesses in this period of constrained liquidity.

"The Chamber network is now eager to find out more details of how this Microfinance Facility will work in practice, such as the eligibility criteria for the loans and the interest rates applied. This should be a priority item for the Swedish Presidency in the coming months and we will be looking to the Council and Parliament to ensure that this crisis response measure is swiftly adopted," concluded Mr Abruzzini.

Microcredit: Chambers offer their expertise

Facilitating SMEs' access to finance with microcredit is also one of the core activities of Chambers, who every year support the creation of over 700,000 new businesses.

For example, the Széchenyi Card – co-developed by the Hungarian Chamber – is a credit card which allows entrepreneurs or SMEs to acquire small credits (up to €100,000) in an extremely short time (2 weeks) and at the lowest interest rate. Four years after its launch, the Széchenyi Card has reached 20% of the Hungarian SME sector, distributing €1,6 billion to businesses and creating 18,000 jobs in 2005 and 2006 alone.

Chambers hope that the new Microfinance Facility will be managed consistently with the microcredit schemes already existing in Member States, and offer their full cooperation in this respect.

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